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MASTER'S LEVEL QUALIFICATION PAPER

on the topic " INTERNATIONAL BUSINESS STRATEGIES OF
CONSTRUCTION COMPANIES "

Specialty 292 "International Economic Relations"

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Master's level degree qualification paper contains the results of own research. The use of the ideas, results and texts of other authors has a link to the corresponding source

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SUMMARY

of Master's level degree qualification paper on the theme
“INTERNATIONAL BUSINESS STRATEGIES OF CONSTRUCTION
COMPANIES”

student Chernysh Dmitriy Denisovich

The main content of the master's level degree qualification paper is set out on 43 pages, including a list of used sources of 70 titles, which is placed on 6 pages. The work contains 10 tables, 11 figures.

KEYWORDS: CONSTRUCTION, INTERNATIONAL, STRATEGY, FINANCE, MARKET, PLANNING.

Relevance of the topic. In the context of economic globalization, conditions are being created for easier and faster entry of construction companies into foreign markets, and international trade in goods is intensifying. In line with the global trend, the Ukrainian market is becoming more open both for foreign flows of goods and for outgoing flows of goods. Increasing the transparency of national borders, active penetration of foreign enterprises into the Ukrainian market, equalization of business conditions in national markets for domestic and foreign enterprises make the issue of foreign markets relevant for Ukrainian construction companies. Decisions are made by enterprises in the field of foreign economic activity, have a strategic and operational nature.

Object of study. Strategies for a construction company to enter the international market.

The subject is the process of forming a strategy for a construction company to enter the foreign market.

Purpose and main objectives of the study. The aim of the thesis is to develop a set of recommendations for choosing a strategy for a construction company to enter the foreign market.

To achieve this goal, we need to study the following topics:

- Construction from an economic point of view;
- Reasons and problems when the enterprise goes international;
- Factors to be taken into account when entering international markets;
- Strategies for international development of companies;
- International strategies and financial planning;
- Financial and economic features of a construction company on the example of the Private Enterprise "Sumy-Yuzhana";
- Improvement of the internal criteria of construction firms to enter the international level;
- Strategy for entering the international level on the example of the Private Enterprise "Sumy-Yuzhana";

The informational basis for the work was statistical data on the work of Ukrainian and foreign construction companies, their impact on the country's economy as a whole, as well as on the work of scientists in the field of construction activities, as well as the financial statements of the Private Enterprise "Sumy-Yuzhana".

The main scientific results of the work are as follows:

- 1) Analysis of construction companies in the international market.
- 2) Ways and aspects of the entry of construction companies to the international level.
- 3) Strategies and tools for construction companies to enter the international market.

The obtained results can be used in the process of development of the strategy of foreign economic development of Ukraine and the evaluation of the effectiveness of conducting policy in the field of construction business.

Year of Master's level qualification paper fulfillment is 2020

Year of Master's level paper defense is 2020

MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE
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TASKS FOR MASTER'S LEVEL DEGREE QUALIFICATION PAPER

(specialty 292 " International Economic Relations ")

student 2 course, group ME.m-91.a.an

(course number)

(group's code)

Chernysh Dmitriy Denisovich

(student's full name)

1. The theme of the paper is International business strategies of construction companies

approved by the order of the university from « __ » _____ 20__ №__

2. The term of completed paper submission by the student is «__» _____ 20__

3. The purpose of the qualification paper is to develop a set of recommendations for choosing a strategy for a construction company to enter the foreign market.

4. The object of the research is strategies for a construction company to enter the international market.

5. The subject of research is the process of forming a strategy for a construction company to enter the foreign market.

6. The qualification paper is carried out on materials of the Private Enterprise «Sumy-Yuzhana», State Committee of Statistic and Materials from open sources.

7. Approximate master's level degree qualification paper plan, terms for submitting chapters to the research advisor and the content of tasks for the accomplished purpose is as follows:

Chapter 1 Analysis of construction companies in the international market.

Chapter 1 deals with researching of Analysis of economic activity of construction companies in Ukraine; studying of Problems of construction companies entering

international markets; learning of Factors to be considered when entering international markets; researching of Analysis of international market conditions.

Chapter 2 Ways and aspects of the entry of construction companies to the international level.

Chapter 2 deals with researching of International development strategies of companies; studying of International strategy and financial planning; calculating of Financial and economic features of a construction company on the example of the Private Enterprise «Sumy-Yuzhana».

Chapter 3 Strategies and tools for construction companies to enter the international market.

Chapter 3 deals with researching of Improving the international criteria of construction firms to go international; studying of Strategy for entering the international market on the example of the Private Enterprise "Sumy - Yuzhana".

8. Supervision on work:

Chapter	Full name and position of the advisor	Date, signature	
		task issued by	task accepted by
1			
2			
3			

9. Date of issue of the task: « ____ » _____ 2020

Research advisor Ph.D., Assoc.prof. _____ M.D. Domashenko
(position, scientific degree) (signature) (full name)

The tasks has been received: _____ D.D. Chernysh
(signature) (full name)

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INTRODUCTION

Actuality of theme. In the context of economic globalization, conditions are being created for easier and faster entry of construction companies into foreign markets, and international trade in goods is intensifying. In line with the global trend, the Ukrainian market is becoming more open both for foreign flows of goods and for outgoing flows of goods. Increasing the transparency of national borders, active penetration of foreign enterprises into the Ukrainian market, equalization of business conditions in national markets for domestic and foreign enterprises make the issue of foreign markets relevant for Ukrainian construction companies. Decisions are made by enterprises in the field of foreign economic activity, have a strategic and operational nature. The most important strategic decision, which forms all the subsequent actions of the construction company, is the decision to choose a strategy to enter the international level, the choice of target foreign markets and how to develop them.

The development of the construction industry requires adequate protection of the rights and interests of participants in legal relations, which the laws governing contractual relations in the construction sector do not adequately protect. Problems such as different points of view about the nature of the services provided by the construction company or the customer, the undistributed responsibilities of the same subjects, the virtual absence of regulation of the conditions and consequences of termination of the contract create obstacles for participants to protect their rights and interests.

The vast majority of lawsuits in the construction sector involve disputes over consumer protection, that is, from a construction firm to a service purchaser. The number of court cases has more than doubled over the past 10 years. This indicates the importance of this problem, since the improvement of contractual relations will give an impetus to the creation of favorable conditions for the development of the construction sector.

Among the main specialists who have made a significant contribution to the formation of enterprise strategies are Ambler T., Ansoff I., Arenkov I.A., Assel G., Bagiev G.L., Bozhuk S.G., Budrin A.G., Vikhansky O.S., Gaidaenko T.A., Golubkov E.P., Goremykin V.A., Kotler F., Maslova T.D., Nemchin A.M., Pesotskaya E.V., Popkov V.P., Sobolev V.Y., Strovsky L.E., Walker A.Jr., Cheverton P., Cherenkov V.I., Shimko P.D., Schneider I.G., Dieter etc., questions of strategy formation , as well as the definition of its role in the operation of the enterprise in the foreign market is considered little.

The involvement of construction companies in activities in foreign markets, the importance of developing a set of strategies, including marketing, the strengthening of globalization trends, which are fully manifested in the economic sphere, as well as the incompleteness of working out the issues of forming the strategies of a construction company when entering a foreign market, determined the wording of the topic thesis, goals and objectives of the study.

Object of study. Strategies for a construction company to enter the international market.

The subject is the process of forming a strategy for a construction company to enter the foreign market.

Purpose and main objectives of the study. The aim of the thesis is to develop a set of recommendations for choosing a strategy for a construction company to enter the foreign market.

To achieve this goal, we need to study the following topics:

- Construction from an economic point of view;
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- International strategies and financial planning;
- Financial and economic features of a construction company on the example of the Private Enterprise "Sumy-Yuzhana";

- Improvement of the internal criteria of construction firms to enter the international level;

- Strategy for entering the international level on the example of the Private Enterprise "Sumy-Yuzhana";

Research methods. The research methodology is based on an integrated approach to studying the problem of the complexity of enterprises entering the international market. We use general scientific and specific scientific methods in our work. Methods of legal, logical, analytical and systems spectrum, which made it possible to identify and investigate frequently encountered problems in international business. We also used comparative methods to identify common and different trends in construction in international business between Ukraine and foreign countries. Consideration of development trends of the problems under consideration, analysis of the experience of foreign construction companies and their legislative regulation is based on the historical method, and comparison of the similarities and differences between our and foreign agencies and the development of proposals for improvement are carried out using the comparative legal method, including legal and logical analysis.

Research information base. The informational basis for the work was statistical data on the work of Ukrainian and foreign construction companies, their impact on the country's economy as a whole, as well as on the work of scientists in the field of construction activities, as well as the financial statements of the Private Enterprise "Sumy-Yuzhana".

1. ANALYSIS OF CONSTRUCTION COMPANIES IN THE INTERNATIONAL MARKET

1.1. Analysis of economic activity of construction companies in Ukraine.

Construction is a separate independent branch of the economy, which is designed to put into operation new ones, as well as expansion, reconstruction, repair of industrial and non-industrial facilities [25].

The decisive role of the construction industry is to create conditions for the dynamic development of the country's economy. As a branch of material production, construction has a number of characteristics that distinguish it from other industries. The peculiarities of the industry are explained by the nature of its final products, specific working conditions, a number of peculiar properties of the applied equipment, technology, organization of production, management and logistics.

The general features inherent in the whole industry, regardless of the facilities under construction and their purpose, include (fig. 1.1): [12]

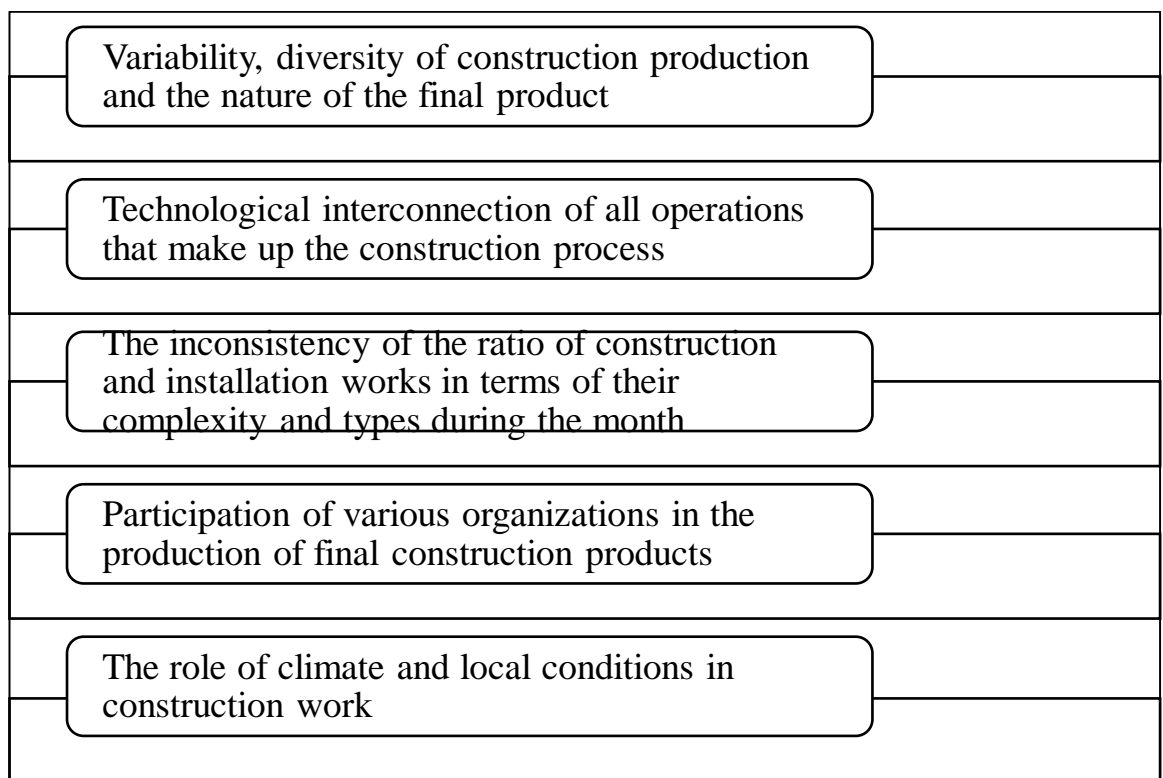


Figure 1.1– The main features of the construction industry

Special features of construction are caused by a big variety of constructed objects. These include (fig. 1.2):

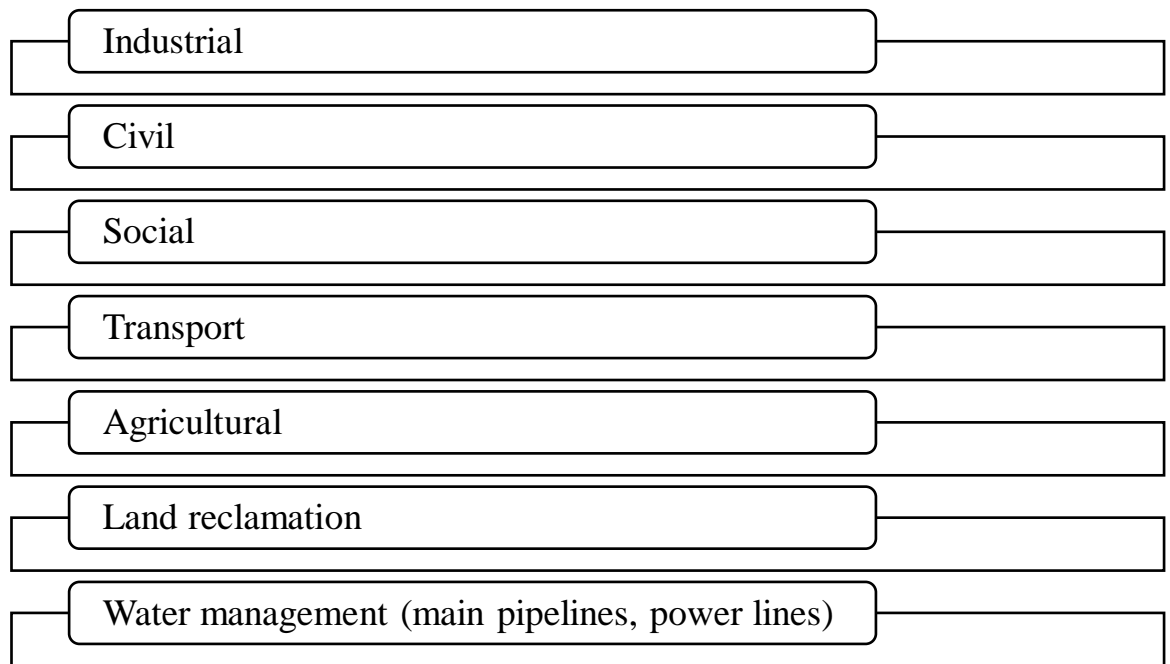


Figure 1.2 – Variety of facilities being built

Construction as a branch of the economy participates in the creation of fixed assets for all sectors of the national economy. The products of capital construction are put into operation and accepted in the prescribed manner production facilities and non-production facilities. When put into operation, they become fixed assets. Other branches of the economy (building materials industry, metallurgy, mechanical engineering and chemical industry, etc.) also take part in their creation. Buildings and structures equipped with technological, energy and other equipment and machinery, constitute the natural content of fixed assets [34].

The construction industry combines the activities of general construction and specialized organizations, design and survey and research organizations of the construction industry, as well as organizations that perform construction and installation work on the right of economic management and operational management [39].

The number of construction companies includes legal entities of all forms of ownership (enterprises), registered and licensed for construction activities,

performed work under construction contracts or government contracts concluded with customers. The sphere of capital construction also includes the activities of customers who dispose of capital investments, the sources of which are their own, borrowed funds of enterprises, as well as funds from the state budget [18].

Development of construction, increase of its efficiency occurs on the basis of its industrialization which main directions are: transfer of performance of a part of technological processes from construction sites to factories, in stationary conditions of production for the purpose of increase of prefabricated buildings and constructions; improvement of technological design solutions of buildings and structures, their further typification and unification; mechanized flow production of structures, products, parts and materials at factories or in auxiliary shops of construction organizations with a high degree of their construction readiness; mechanized flow performance of technological operations and processes of construction of buildings and structures, delivery of building materials and structures to ensure continuous production of construction works [15].

1.2. Problems of construction companies entering international markets.

When entering the international market, the company may face some problems. Here are some of them (fig. 1.3) [21]:

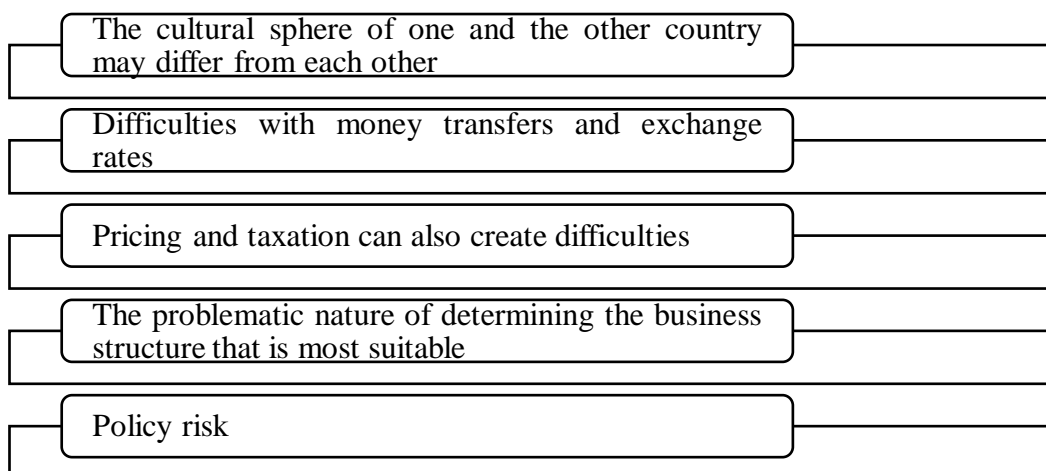


Figure 1.3 – Problems that a company may face

There are a number of reasons why a firm decides to develop internationally.

Companies enter international markets in search of opportunities for growth and development, but everyone's motivation is different. Below are the main reasons for the internationalization of the company [54].

- Market growth. Entering foreign markets, the company gains access to new consumers. In this way, you can increase the company's market share and sales.

- Profit. Profit growth is probably the most attractive reason to enter new foreign markets. Profit growth is influenced by various factors. First, sales growth in itself leads to profit growth. Second, production and distribution costs may be lower abroad. Third, in international markets, companies can set prices higher than in domestic ones [33].

- Economies of scale. By increasing output, a company can benefit even more from economies of scale. Reducing costs allows you to either get higher profits or lower prices, gaining price advantages over competitors.

- Risk reduction. The larger the number of international markets, the less the company depends on changes in one of them (for example, reduced demand due to the economic downturn, political instability, changing consumer tastes, etc.). Operating in different markets, the company distributes its risks between them, thereby reducing them.

- Adverse conditions in the domestic market. The economic situation in the domestic market can reduce the solvency of the company's target audience and reduce the company's sales. The inability to achieve growth goals in its market forces companies to look for new opportunities [37].

- Continuation of the product life cycle. If demand in the domestic market falls, the product becomes obsolete, the company may try to find new consumers. By offering a product in a new foreign market, you can extend its life cycle or launch it into a new round of development. Many mobile phone manufacturers continue to sell outdated models in the markets of countries with less experienced consumers. As a rule, these are countries with lower per capita income, countries with less developed economies. "Obsolete" goods can be sold on the foreign market cheaper,

as the main part of the company's costs associated with its development and development is already covered [38].

- Increasing brand awareness. If a company uses a standardized marketing strategy for all its international markets, using the same packaging, advertising, and sometimes the same store design, it can lead to increased brand awareness worldwide. Increasing consumer loyalty to the brand will affect sales growth.

- Legislative restrictions. In some countries, legal restrictions on the production, sale and promotion of various goods and services may be less severe. This allows the company to produce and promote its products at lower cost.

There are two criteria that form the conclusion about the feasibility of bringing the business to the international level (Table 1.1) [43].

Table 1.1– The main criteria for the expediency of bringing the company to the international market.

Ejection criterion	Retraction criterion
These criteria appear due to the fact that the development of the existing enterprise at the local level is hampered by low prices, as well as discrimination against government agencies.	These criteria are generated under the condition of better conditions for business organization. These include, for example, preferential taxation.

When deciding on the choice of a particular business management strategy, there are always significant risks associated with it [61].

Frequently encountered problems with international strategies include [45]:

- problems in deciding what and how different products (services) must be in order to be attractive to different foreign markets;
- difficulties with currency transfer and exchange rates;
- issues related to cost and profitability forecasting should be based on forecasting exchange rate movements, and incorrect forecasting in this area can be very costly for companies;

- the company will be exposed to different cultures, which can create significant management problems, especially in cases where there is a practice of transition of managers from country to country;
- there are usually structural problems; when choosing international strategies, the question often arises: what structure is better to adopt an organization operating in the international economic environment;
- tax problems: the company will look for opportunities to solve problems related to translation procedures to reduce taxes and show the maximum profit in the country where taxes are lowest [58];
- the presence of political risk associated with the likelihood that foreign contributions of the enterprise will be constrained by the policy of the government of the host country. This issue needs to be analyzed very carefully [47].

Table 1.2 – Factors in choosing a strategy for entering the international market

Question	Answer	
Which overseas market to choose?	A market in which a construction company will have a sustainable competitive advantage. The resources of the company should be of value, rarity, lack of imitation and irreplaceability.	
When to enter the market?	A construction company can get profitable sales channels, a significant market share, and a high brand value. Also, innovators may face high uncertainty due to the lack of a dominant model in the market. In emerging markets, pioneers have a hard time maintaining a lead.	
	Joint venture	Allows you to gain experience from a partner. Prevents full control.
Which path to take?	Export	Lack of significant costs when entering a foreign market. Exports may be impractical when duties are high.
	Franchising	Lack of significant costs. The complexity of product quality control.
	Absorption	Fast and well-structured access to the market. However, about 70% of acquisitions do not bring expected results.

1.3. Factors to be considered when entering international markets.

The culture, politics, legal system, social and economic environment of another country will be different from the home environment of a construction company (fig. 1.4) [67].

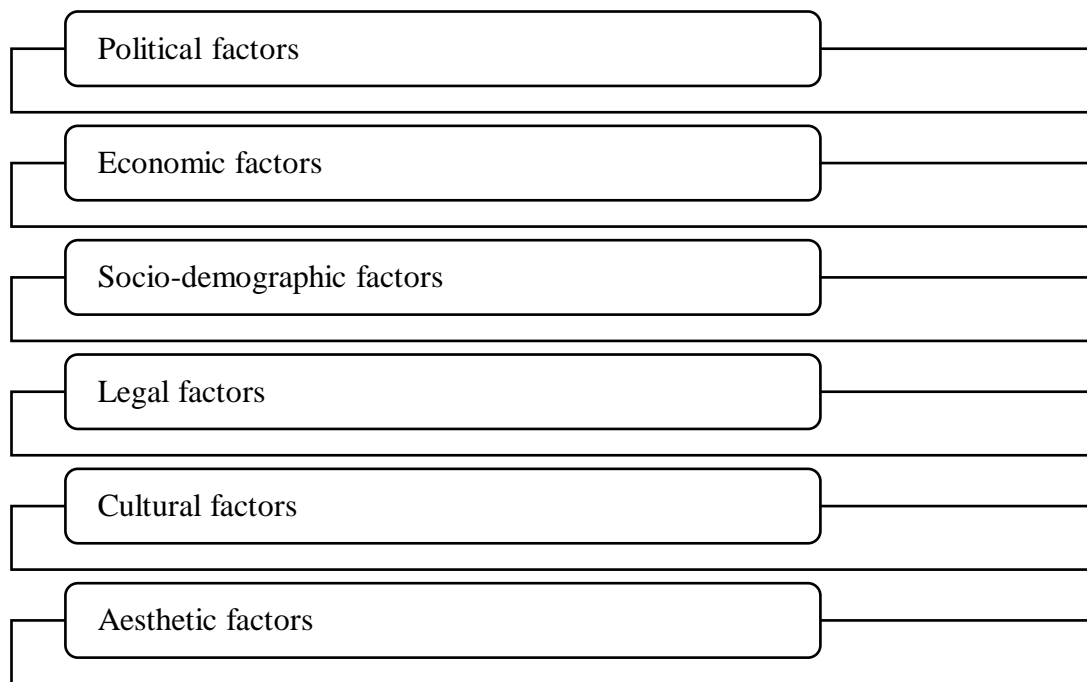


Figure 1.4 – Key factors when a company enters international markets

These differences must be taken into account when developing an international marketing strategy, as they can provide new opportunities for business development, but also pose a threat if they are insufficiently studied [11].

We can say that the success of a construction company in the international market will be determined by the presence of certain international competencies that allow you to explore, understand and evaluate the international business environment [13].

1) Political factors. Entering the market of another country, the company must assess its political stability. Political instability can make international trade virtually impossible. A change of government can change the attitude towards foreign companies in the country. The decision to invest in another country must be

supported by a serious analysis of the political situation and risks. Countries with stable political systems are characterized by lower political risks. Governments can try to protect the domestic producer from foreign competitors by creating certain barriers to international trade. These include quotas, tariffs, embargoes, administrative barriers and subsidies [57].

2) Economic factors. Free international trade gives the consumer access to a wider choice of goods at low prices. As a result of international trade, the local consumer has the opportunity to consume goods that cannot be produced in his country. For example, Nordic farmers cannot provide their consumers with tropical fruits at competitive prices. However, international trade helps to increase competition in local markets, which can have a negative impact on local producers. The economic factors that must be considered when making decisions about entering international markets include the following: the level of consumer income, demand and corporate taxes, income distribution, transportation costs, exchange rates, interest rates, and others [40].

3) Socio-demographic factors. Studying the socio-demographic environment in the country in which the company is going to enter the market will help determine which products can be sold in that country and what should be the marketing strategy. Gender and age structure of the population, level of education, belonging to rural or urban population, attitude to the role of women in society, attitude to family, ethnic diversity or homogeneity of the population and other factors may require adaptation of the marketing mix to foreign markets [42].

Particular attention should be paid to studying the activities of local activists or pressure groups concerned about the impact that business activities have on society [46].

4) Legal factors. The country's legislation has a direct impact on business practices. What is allowed in some countries may be forbidden in others.

5) Cultural factors. The construction company must take into account cultural differences when entering international markets. Cultural factors are paramount in international marketing, although they are difficult to identify and measure. Cultural

differences are not spelled out anywhere, unlike laws, but ignoring them can lead to serious setbacks. National culture and religion largely determine the preferences and consumption patterns of the local population. Therefore, knowledge of local preferences is very important for the successful promotion of goods on the international market, as well as to require adaptation of marketing strategy [4].

Particular attention should be paid to language. Many marketing mistakes are related to language. Brand names can have a completely different meaning in another language and often sound obscene or evoke unpleasant associations. Problems can also arise when there are requirements to translate the name into the local language. How to preserve the identity of brand design in such conditions [19].

6) Ethical factors and business practices. Ethics, being part of the culture, can also be a problem for international marketers. What is acceptable in some countries is unacceptable in others. For example, the use of child labor is permitted in some countries. What is considered a bribe in European business culture may be normal practice in Eastern countries. Government or official deductions may be required to connect to electricity or insure. In Muslim countries, women should always be dressed in a certain way, while men can dress the way they want [9].

1.4. Analysis of international market conditions

The transition of the state to the rails of a market economy has provided Ukrainian construction companies with ample opportunities to enter the international market. When planning such processes, managers of construction companies need to determine a specific market for product promotion, guided by the following criteria [27]:

1) The potential and conditions of this market. This criterion involves the analysis of market parameters such as capacity, the ability to operate foreign construction companies without excessive financial and time costs. The moments that can create the greatest difficulties in entering international markets include obstacles of customs and legal nature [10].

2) The intensity of the methods of competition used. The study of the competitive environment of the foreign market should be conducted in the following areas [31]:

- identification of competing companies whose activities are most efficient;
- analysis of the competitive structure (number of competitors and their market share);
- formation of competitiveness indicators.

3) Goals and capabilities of the enterprise. It is necessary to conduct research that accurately determines the company's place in the market, the presence of strengths and weaknesses, as well as the existence of reserves for development in the international market. Analysis of the existing market includes clarification of its situation, levels of supply / demand for a particular product position, pricing and other points [41].

Research should also be aimed at identifying problematic aspects of the foreign market by collecting relevant information. Such measures contribute to the adoption of optimal economic and business decisions regarding the creation of the product, its promotion and sale in foreign markets [17].

When conducting the above research, marketers recommend applying the following principles [44]:

- Regularity - research activities should be carried out systematically, not once;
- Systematic - it is necessary to analyze the entire market system, including its structure, hierarchy of processes, their changes and relationships;
- Complexity - involves not only the application of the whole package of measures (collection of necessary data, their specification and analysis), but also the study of the entire system of relationships with different processes;
- Coherence and purposefulness - goals, size, depth, differentiation of research activities should have a clear relationship with the objectives of the enterprise and meet the real interest in a particular analytics [20];

- Multiplicity of data sources - should ensure the receipt of data from several alternative sources. This approach will clarify the objectivity of the information and provide the opportunity to clarify it;

- Versatility - analytical work can be carried out taking into account any interests of the enterprise in obtaining data for informed decisions;

- Scientific - information must be accurate, objective and sound.

Features of entering the western market:

1. Western companies have established long-standing partnerships with their suppliers. Even the price (within certain limits) is not decisive for them [6].

2. The distribution system in the West is fundamentally different from that in Ukraine and the countries of the former USSR. The main difference is the absence of large wholesalers. You have to learn to work with many medium and small stores [35].

3. High requirements for quality and certification. Products must meet the requirements of the standards of the German Institute for Standardization and the European Union. For example, one company was forced to change the thickness of the metal case of safes by 1 mm [52].

4. Strict terms and conditions of delivery.

Features of entering the eastern market:

1. There are wholesale trade organizations.

2. The cost is important, it must be competitive and preferably the lowest on the market.

3. Bargaining with Eastern partners is always welcome.

4. Contract conditions must be well thought out and worked out. In contracts with European companies, many aspects of the contract may not be spelled out, but as for the eastern partners, it is necessary to take into account all the details, to certify the terms on paper by both parties. This can be attributed to the packaging of the goods and their labeling, the conditions for returning the rejection, the provision of service support and repair services, warranty periods and insurance obligations for buyers of the country [8].

2. WAYS AND ASPECTS OF THE ENTRY OF CONSTRUCTION COMPANIES TO THE INTERNATIONAL LEVEL.

2.1. International development strategies of companies.

Methods of assessment and selection of the international market:

1. General methods:

- System analysis - provides an objective assessment of the foreign market in a wide range of internal and external causal relationships. For example, by studying the popularity of ubiquitous phone sales, you can make connections with scientific and technological development, mobility, employment and the need to obtain information quickly [22].

- Integrated approach - allows you to explore certain diverse situations in the foreign market, and with the help of strategic decisions finds the best solution. The availability of specific products in foreign markets is determined primarily by customer demand, distribution, supply, value, communication system, the movement of goods forms a marketing strategy [50].

- Program-targeted planning - used in the process of forming and conducting marketing policy, on the basis of such planning is marketing activities in foreign markets [14].

2. Analytical and predictive methods:

- Linear programming is a mathematical analysis used in choosing the best option for the ratio of planned profit to cost.

- Economic and mathematical models - allow taking into account the indicators of internal and external environment to analyze the level of development of a particular section of the foreign market, identify the level of competitiveness of products and their producers, to form marketing policies and tactics to promote goods on the market its content [59].

- Economic and statistical techniques - used to rank and sample patterns, correlations and determine market saturation.

- Theory of queuing - effective for determining the order of customer service, to determine the timing of deliveries, allows you to analyze the pattern of simultaneous receipt of mass bids for goods, to determine the choice of organization and the correct order of bids for goods abroad [51].

- Probability theory - based on making the most profitable decisions of all possible actions and determines the probability of events, their significance in foreign markets [60].

- Theory of communication - helps to improve the relationship of the subject with a particular foreign market, improves the efficiency of information, allows timely receipt of event information about current processes, as well as allows you to manage all mechanisms of production and marketing, as well as inventories [16].

- Network planning - promotes the consistent implementation of interconnected actions, operations and works within a specific project. It also helps to determine the main stages of work, timing, responsibility of contractors, costs and the probability of deviation from the planned plan for the selection of foreign markets [64].

- Business games - help to model and reproduce actions and tasks of concrete and abstract subjects of the foreign market which aspire to find the optimum commercial decision [55].

3. Methodological techniques:

- Sociology - the science of development of various spheres of human life, determines its values, promotes the search for rational solutions, taking into account the interests, recommendations of buyers, as well as sellers and intermediaries, their views on new ideas [24].

- Psychology - analysis using motivations, tests determine the behavior of foreign market participants: producers, sellers, consumers and identifies factors influencing their behavior.

- Anthropology - determines the design, manufacture and sale of products, taking into account physical and national characteristics, living standards

of different social groups of consumers. Anthropological measurements are used in the modeling of clothing, footwear, furniture and hats. They are aimed at the target audience of the foreign market [49].

- Ecology - is of great importance in the provision of services, manufacture of goods and other activities that involve the degree of negative impact of products and materials on the environment and focused on environmental marketing [30].

- Ethics - is observed in the study of social, cultural, aesthetic and technical problems, in the formation of a harmonious environment provides the best working and living conditions for market participants.

- Design - used to determine the color, shape and appearance of the product [66].

There are a number of specific strategic alternatives that may be useful in an international context.

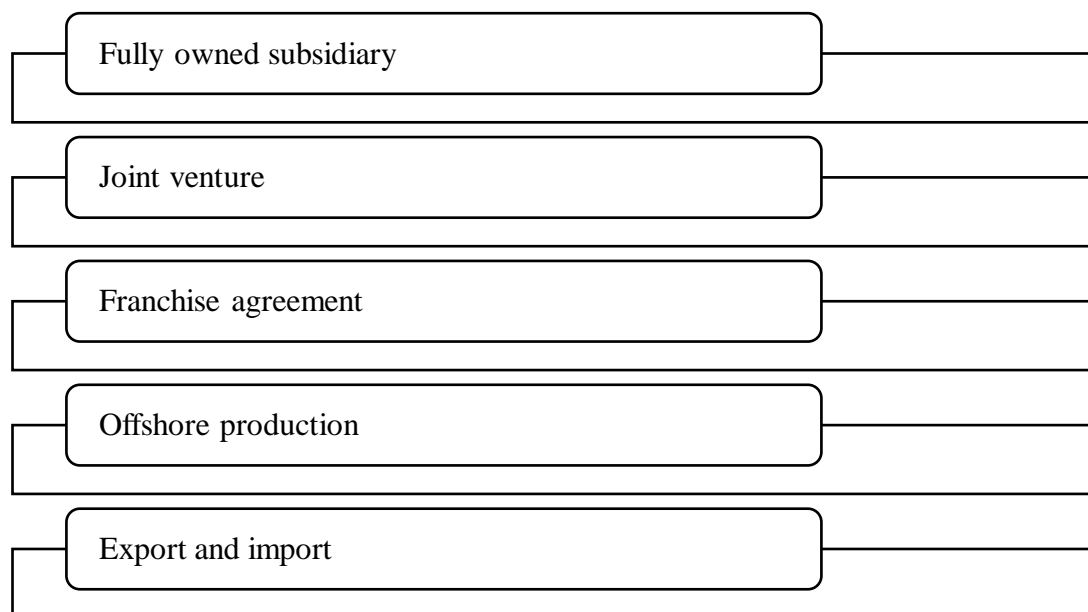


Figure 2.1 – Strategic alternatives

1. Fully owned subsidiary

This type of international strategy is defined as the creation of a foreign construction company that is wholly owned and controlled by a multinational

company (TNC). This subsidiary is usually part of the formal structure of the organization [7].

It requires direct investment of capital and labor. Basically, there are two options for development:

- creation of a construction company in an empty place - the formation of new enterprises in a foreign country [23];
- partial or complete takeover of foreign enterprises or their assets.

Creating an enterprise in an empty place. This direction can be a cheaper form of direct penetration for a construction company. Yes, as control over the size and level of involvement is more intensive; most suitable for small firms that have limited financial resources; it is expedient when there is no desire to inherit problems of the bought national firm (factories, plants, etc.); does not pose a problem with the choice of location for the implementing firm and a site with a minimum cost can be found [68].

The creation of subsidiaries by foreign firms is a fairly common business strategy in the modern world. The construction company can bet on the project of creating a new enterprise in an empty space, hoping that their services will be in demand by foreign developers due to the high qualification of employees and lower project costs.

2. Joint venture

The joint venture is based on an agreement under which two or more partners own and operate a foreign construction company. This construction company is usually located in the home country of one of the partners [36].

There are a number of reasons why a company finds it profitable to set up a joint venture:

- the joint venture saves financial investments of both partners, thus reducing costs;
- it can help to quickly acquire distribution channels, which reduces marketing costs;
- preserves the independence of the two parties;

- provides a foreign state with better access, as well as reduces the nationalist fears of the country in which the company is located, fears the seizure of the construction industry by foreign firms [70].

The structure of joint construction companies is of two types. Not partial joint ventures - enterprises in which one group provides services to another. The service group usually has a stronger position in the management of the joint venture than another, but this form is not very common. Partial joint ventures involve financial investments made by a multinational company in a construction company with a local partner. In this case, there are many variations in terms of investment, transfer of technical and other experience [29].

Joint construction companies provide business participants with the following benefits:

- partners can complement each other and thus reduce the risk associated with doing business; an example is a small company that owns the technology but does not have the production capacity. It is likely to enter into an agreement with another company that has such facilities at its disposal;
- a firm with limited funds but significant international experience can team up with a company that has a lot of money but little experience;
- the joint venture can provide fast access to distribution networks;

3. Franchise agreement

A franchise agreement can take many forms, but is basically a business agreement under which one party allows the other to operate using its trademark, logo, products, and methods of conducting transactions in exchange for remuneration. If the licensing is related to the production component of the activity, then the franchise agreement is related to sales [69].

A franchise agreement usually requires the payment of a fee in advance and then interest on the profits. In return, the privilege provider will provide the necessary assistance and in some cases may require the purchase of goods or supplies to maintain the level of quality.

The franchise agreement will provide a number of benefits, including:

- provides the franchise with an inflow of income, and received it - a product (service) and marketing complex;
- allows the company to grow rapidly in several places without significant capital investment, which could be needed if the company grew in a different way;
- is an appropriate strategy for involving small firms in it, and the risk is much less than in an independent case.

There are several risk factors associated with a franchise agreement. These include quality control problems, poor performance of our own retail network and competing with each other franchised retailers [53].

4. Offshore production

Offshore production means that one stage of the construction production process is located abroad - in order to reduce costs. An offshore construction firm is usually located in a country with a low labor cost, and the final product is sold in the domestic market of the country in which the corporation is registered. This is a fairly common strategy in areas such as electronics and textiles [63].

Offshore production should be used in cases where:

- products require significant costs due to large amounts of unskilled labor;
- product weight is relatively small compared to its cost. This is necessary to reduce costs;
- products are standardized and have a standard production process.

Offshore production has the following strengths: [56]

- can be a source of significant competitive advantage;
- standardization of products and production process significantly facilitates the solution of management tasks;
- there are a large number of countries that can be used to organize offshore production;

5. Export and import

Participation in export-import operations is often the only choice for a small construction company seeking to enter the international market. It is also an option

for larger companies that want to break into the international market with minimal investment. There are serious studies in the field of exports, which highlight three important elements that determine its success:

- in the organization there is an urgent need for specialists in export sales;
- the company needs to focus on its most important foreign markets, rather than implementing a strategy of uncoordinated sales abroad;

Note the main advantages and disadvantages of export-import version of the international strategy (Table 2.1) [48].

Table 2.1 – The main advantages and disadvantages of the export-import option

Advantages	Disadvantages
1) This is a relatively cheap and low-risk method of selling abroad. 2) There is a wide range of services for a company that does not have them. 3) Paperwork with documentation and foreign exchange can be done by experts. 4) It is a strategy open to companies of all sizes. 5) Banks may be more prepared to provide financial assistance under this option. 6) This is just a transitional strategy, however, more involvement in international business requires additional preparation.	1) Significant costs of production adaptation are possible. 2) The fixed costs of low-volume sales can be serious despite the tax advantages. 3) If a foreign distributor does not perform well, the firm may not be able to get rid of it, as some countries have strict laws that create obstacles to terminating a relationship with a partner. 4) There may be a need for direct investment in marketing structures without proportionate investment in production capacity. 5) The company may be poorly represented in the foreign market. 6) Small companies are often bad at doing this.

2.2. International strategy and financial planning.

International activities have a significant impact on the process of financial planning in organizations. There are a number of issues that a construction company may face in the internationalization of business. First of all, we are talking about financial planning. Problems that may arise in financial planning include:

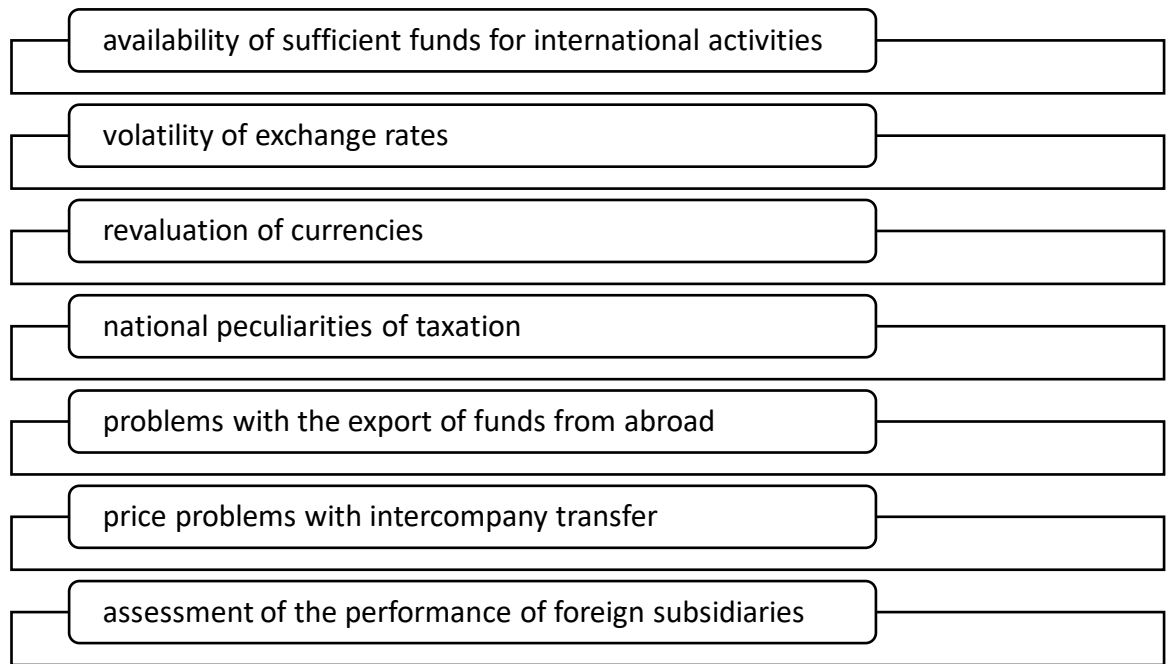


Figure 2.2 – Problems that may arise in financial planning

Availability of activities. In the past, when companies became international, they usually relied on local sources to raise money for activities abroad. However, the emergence of global funding has largely put an end to this practice. It is now generally accepted that transferring money from one country to another or borrowing money in the international foreign exchange market is often a less expensive way than relying on local sources. The globally differentiated value of money allows construction companies to reduce the cost of obtaining capital and reduce the use of domestic debt (for example, when a subsidiary borrows money from the parent company, you can use the funds more flexibly). However, there is a need for each subsidiary to adapt to local financial practices and financial institutions. The main difficulties are related to the merger of local subsidiaries into a common consolidated balance sheet. There are also problems with money transfers. Both can lead to additional costs [63].

Volatility of exchange rates. This is a problem. However, many multinational companies buy currency options that guarantee convertibility at a certain price. Other companies have developed countertrade strategies in which they receive

goods in exchange for currency or receive goods instead of currency and sell them, receiving money elsewhere.

Revaluation of currencies. This is really a headache for an international construction company. They are prone to it due to the large volume of exchange transactions on stock exchanges, as well as due to the fact that their net assets in different currency areas are affected in various ways. As a result, many companies are introducing foreign exchange insurance practices that are designed to minimize the impact of exchange rate fluctuations [56].

The problem of taxation. This is a problem that will have to face in any process of financial planning, which is carried out with international goals. Companies can try to reduce tax payments whenever possible; they can try to secure their income from taxation, can enter into double taxation agreements, etc. However, there is still a significant degree of uncertainty due to the influence of many factors.

Withdrawal of funds. Construction companies are trying to circumvent this one-of-a-kind problem by introducing a wide range of policy tools and procedures, such as paying the parent company dividends and taxing their source; application of royalties and fees to the manager of the parent company, which are exempt from taxation in the host country; payment of loans and interest within the company [28]

Pricing in intra-firm transfer. This problem usually involves the manipulation of domestic goods and services, designed to move funds around the world. It may include several specific tasks, in particular:

- profit maximization after tax;
- money transfer in cases when there are changes in currency parities;
- the need to avoid government restrictions;
- organization of control over foreign subsidiaries;
- impact on the declared profit indicators.

This system is not easy to implement, involves significant costs and a lot of paperwork. However, there is a possibility of errors that can be very costly for an international company [3].

Assessment of performance of subsidiaries. This problem stems from the existence of different taxation and trade regimes. While a company may decide that each of its subsidiaries should have the same financial performance standards, there is clearly a need to take into account intercompany transfer pricing and local conditions.

2.3. Financial and economic features of a construction company on the example of the Private Enterprise «Sumy-Yuzhana»

The development of the construction industry in Ukraine is gaining momentum. Each construction company serves more and more clients, performing their duties with high quality, trying to retain a real client and attract a potential client [8].

We will consider the nuances of the work of construction firms on the basis of the Private Enterprise "Sumy-Yuzhan". The office of the construction company "Sumy-Yuzhana" is located in the city of Sumy, Ukraine (Table 2.2).

The analysis of the enterprise is carried out according to the following indicators of financial condition [32]:

1. The coefficient of return on assets - is ostentatious, which characterizes the efficiency of the use of assets of the enterprise. And it is calculated by the formula:

$$ROA = \text{Net profit} / \text{Average annual amount of assets} \quad (2.1)$$

Table 2.2 – Data for calculating the return on assets of the Private Enterprise "Sumy-Yuzhana"

Indicator	2013	2014	2015	2016	2017	2018	2019
Net profit(UAH)	399534	426847	302121	352597	388132	429563	494854
Average annual amount of assets(UAH)	4123592	4439563	4238794	4386732	4585414	4659292	4963215
Return on assets	0,0968	0,0961	0,0712	0,0803	0,0846	0,0921	0,0997

*Source: Author's calculations based on materials from the Private Enterprise "Sumy-Yuzhana"

Analysis of the ROA indicator in the period from 01/01/2013 to 12/31/2019 showed the following dynamics: in the period from 01/01/2013 to 12/31/2014, the company experienced a slight decrease in return on assets, which is explained by the fact that the rate of asset growth exceeded the rate of profit growth.

The dynamics of the calculated indicator is shown in the graph (Figure 2.3)

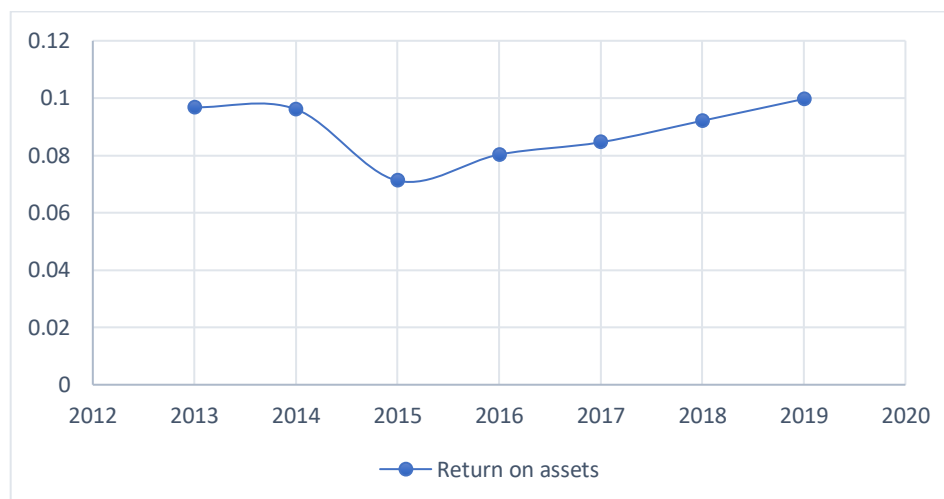


Figure 2.3 - The coefficient of return on assets in the period 2013-2019.

2. The solvency ratio is ostentatious, which shows the proportion of equity in the total amount of funds advances in its activities. And it is calculated by the formula 2.2. The data for calculating the indicator is shown in (Table 2.3) [52]:

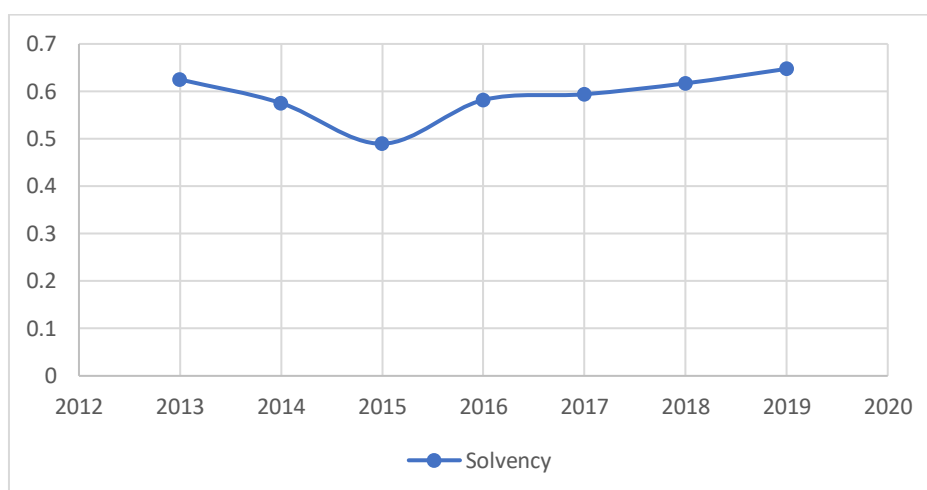
$$KP = \text{Equity} / \text{Balance} \quad (2.2)$$

Table 2.3 – Data to calculate the solvency ratio of the Private Enterprise “Sumy-Yuzhana”

Indicator	2013	2014	2015	2016	2017	2018	2019
Equity	2929568	2635432	2026528	2542631	2723562	3159631	3580863
Balance	4687529	4581380	4138794	4369883	4585414	5121123	5530609
Solvency	0,6249	0,5752	0,4896	0,5818	0,5939	0,6169	0,6474

*Source: Author's calculations based on materials from the Private Enterprise “Sumy-Yuzhana”

Analysis of the dynamics of the solvency indicator in the period from 01/01/2013 to 12/31/2019 showed the following dynamics: in the period from 01/01/2013 to 12/31/2013 the company showed its peak of solvency, before the events of autumn 2014. In the period from 10/01/2014 to 12/31/2015, there is a stable decrease in solvency due to the situation within the country, and in the period after that, until December 31, 2019, a stable increase in solvency may be observed.



*Source: Author's calculations based on materials from the Private Enterprise "Sumy-Yuzhana"

Figure 2.4 – Dynamic display of Private Enterprise "Sumy-Yuzhana" in the period 2013-2019.

3. The coefficient of profitability of activity - is indicative, which characterizes the efficiency of economic activity of the enterprise and calculated by the formula 2.3; the data for calculating the indicator is given in Table 2.4 [62]:

$$\text{Profitability} = \text{Net profit} / \text{Net income from sales} \quad (2.3)$$

Analysis of the profitability indicator in the period from 01/01/2013 to 12/31/2019 showed the following dynamics: in the period from 01/01/2013 to 12/31/2014, the company had a slight increase in profits, which is explained by the fact that the rate of sale of services increased. At the end of 2014, conflicts began on the territory of Ukraine and sales began to decrease, but this only began to affect

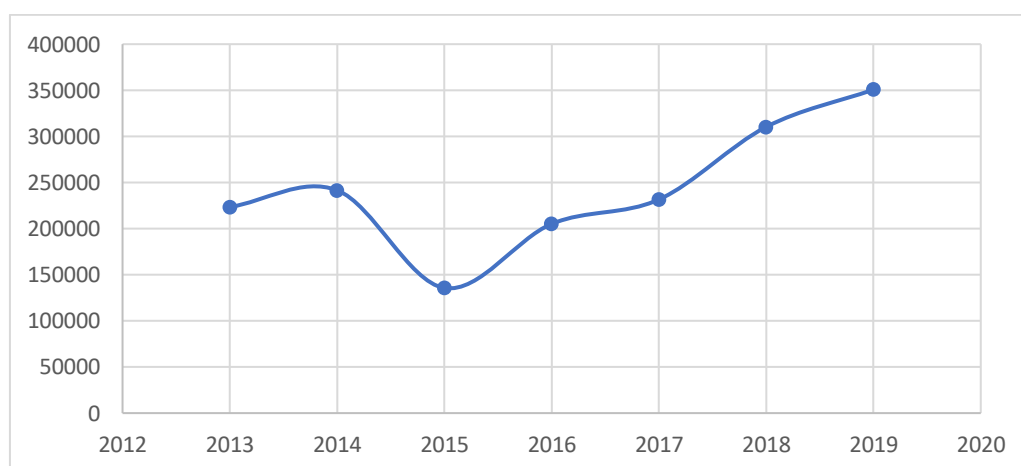
profits in 2015, since the biggest sales were. In 2016, the situation began to stabilize and, accordingly, profits began to increase.

Table 2.4 – Data for calculating the profitability ratio of the Private Enterprise “Sumy-Yuzhana”

Indicator	2013	2014	2015	2016	2017	2018	2019
Net profit	395123	416897	289251	362631	388234	492361	531411
Net income from sales of products	223428	241563	135671	205134	231598	310286	350684
Profitability of activity	1,76	1,72	2,13	1,76	1,67	1,58	1,51

*Source: Author's calculations based on materials from the Private Enterprise “Sumy-Yuzhana”

The estimated calculated dynamics is shown in the graph (Figure 8).



*Source: Author's calculations based on materials from the Private Enterprise “Sumy-Yuzhana”

Figure 2.5 – Dynamic display of profitability for Private Enterprise “Sumy-Yuzhana” in the period 2013-2019.

4. The coefficient of coverage – shows the adequacy of enterprise resources that can be used to repay its current liabilities and calculated by the formula: [26]

$$\text{Coefficient of coverage} = \text{Current assets} / \text{Current liabilities} \quad (2.4)$$

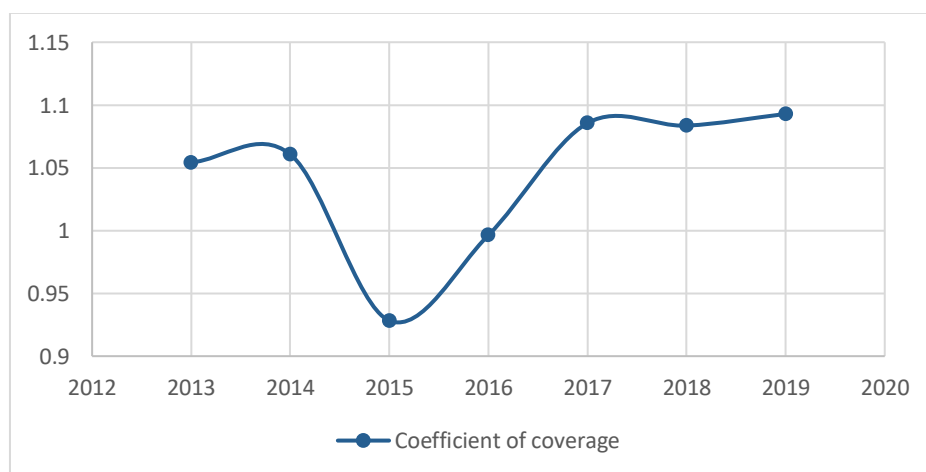
The data for calculating the indicator is given in Table 2.5.

Table 2.5 – Data for calculating the profitability ratio of the Private Enterprise “Sumy-Yuzhana”

Indicator	2013	2014	2015	2016	2017	2018	2019
Current assets	4025673	4213887	3083052	3826327	4011631	4164385	4223013
Current liabilities	3818251	3972673	3320893	3839951	3695072	3842893	3863731
Coefficient of coverage	1,0543	1,0607	0,9283	0,9964	1,0856	1,0836	1,0929

*Source: Author's calculations based on materials from the Private Enterprise “Sumy-Yuzhana”

An analysis of the Coefficient of coverage indicator in the period from 01/01/2013 to 12/31/2019 showed the following dynamics: in the period from 01/01/2013 to 10/01/2014, the company experienced a steady increase in current assets and, accordingly, coverage indicators, but due to the unstable economic situation Ukraine, at the end of 2014, this figure began to deteriorate rapidly. As can be seen from the graph in early 2015, liabilities increased current assets and, accordingly, coverage was deteriorated.



*Source: Author's calculations based on materials from the Private Enterprise “Sumy-Yuzhana”

Figure 2.6 – Dynamic display of coverage for Private Enterprise “Sumy-Yuzhana” in the period 2013-2019.

5. Coefficient of security by own working capital - Shows the security of the company's own working capital and calculated by the formula 2.6 [5]:

$$\text{Coefficient of security by own working capital} = \frac{\text{Current assets} - \text{Current liabilities}}{\text{Current liabilities}} \quad (2.6)$$

The data for calculating the indicator is given in Table 2.6.

Table 2.6 – Data for calculating provision of own working capital for Private Enterprise "Sumy-Yuzhana"

Indicator	2013	2014	2015	2016	2017	2018	2019
Current assets	4025673	4213887	3083052	3826327	4011631	4164385	4223013
Current liabilities	3818251	3972673	3320893	3839951	3695072	3842893	3863731
Coefficient of security by own working capital	0,054	0,060	-0,171	-0,006	0,085	0,083	0,092

*Source: Author's calculations based on materials from the Private Enterprise "Sumy-Yuzhana"

The analysis of the dynamics of the indicator of provision of own working capital from 01/01/2013 to 12/31/2019 showed the following dynamics: from 01/01/2013 to 12/31/2014 the company experienced a significant increase in provision of own working capital, which is explained by the fact that the pace of buildup assets exceeded the growth rate of liabilities. in 2015, the provision reached a low of -0.171, after which it began to increase.

In general, as can be seen from all tables and graphs, in the period from 2014 to 2016, the situation in the country was unstable. This affected the activities of construction companies and, in particular, Private Enterprise "Sumy-Yuzhana" and its income. After the situation more or less stabilized, the company's indicators and revenue began to grow.

3. STRATEGIES AND TOOLS FOR CONSTRUCTION COMPANIES TO ENTER THE INTERNATIONAL MARKET.

3.1. Improving the international criteria of construction firms to go international.

Going international is a great success for any company, but not everyone succeeds. To go beyond the domestic market and hold its position, a construction company will have to improve its performance in accordance with many new factors that have not been encountered within its country [26].

This requires:

1. High demand for the products of a construction company in Ukraine does not mean that such will be the demand for it in other countries. The primary task is to "explore the situation", to study foreign markets. Before investing time and money in conquering "new territories", you need to know for sure that there is your consumer, he needs your products and is ready to buy it.

Experts in international economics advise construction company executives to visit these countries in person and get an idea of whether their business will operate there. This will not only conduct quality marketing research, but also get acquainted with the culture, traditions, social principles of your potential buyers.

2. Without steps to expand the staff will be difficult to build a business abroad, while supporting the sustainable development of the construction company at home. Successfully bring the construction business to the international level is possible only when the financial and structural stability of the company allows you to attract new employees who will cope with the growing volume of work. It is important to form a strong team that will be responsible for expanding the company and effectively overcome all kinds of obstacles.

3. To overcome the language barrier between the construction company and foreign clients and partners, you can hire employees who speak two languages. They

will be able to communicate freely with representatives of another country and translate documentation [2].

For successful expansion into foreign markets, it is necessary to form a respectful attitude of the company to the culture and traditions of other countries. You should not spare money and effort to study the culture and way of life of local residents, especially if the consumption of goods or services is directly related to them. The local population, as well as the business community, may have completely different needs compared to customers in Ukraine, who need to apply a different approach to developing a business strategy and organizing sales and marketing activities.

4. To learn to navigate the nuances of trade and tax laws of different countries, it is better to start with sales. It is necessary to carefully study the rules of taxation of income from activities abroad, adopted in Ukraine. In addition, administrative burdens can make it difficult to work with the banks of the countries in which the work will be deployed. Therefore, it is necessary to create business entities in these countries and open new bank accounts. Then it will be profitable for foreign banks to conduct financial operations of the construction company [1].

5. It is not desirable to start such a serious project alone. Even if it is a mentor, someone who can support in the process of establishing business contacts abroad. Equally important is the presence of a potential construction partner capital, which he can direct to the development of the company, and other enterprises that will mobilize common resources.

6. Making any important decision requires a slow, responsible approach, especially when it comes to doing business abroad. It is necessary to consider possible options for the development of events, based on strengths and weaknesses. You need to know clearly all aspects of the market expansion strategy and study in detail the markets targeted by the construction company.

3.2. Strategy for entering the international market on the example of the Private Enterprise «Sumy – Yuzhana»

«Sumy – Yuzhana» is a private enterprise founded in 2003. Located in the city of Sumy, Ukraine. The main activity is the construction of residential and non-residential buildings, the creation of projects for premises.

Table 3.1 – Finance of Private Enterprise «Sumy-Yuzhana»

Service	Code	Amount (UAH)
Construction works	45000000-7	17 mln.
Construction services	71500000-3	580 thous.
Architectural services	71240000-2	480 thous.
Engineering services	71300000-1	280 thous.
Architectural design services	71220000-6	97 thous.
Technical inspection services	71630000-3	36 thous.

Customers from many cities of Ukraine turn to the Private Enterprise «Sumy – Yuzhana» for services.

The strategy that is more expedient for entering the international level is a fully owned subsidiary. This subsidiary will be part of the formal structure of the enterprise.

From the development options, we will choose the creation of an enterprise from scratch. This direction will become a cheaper form of direct penetration for the Private Enterprise «Sumy-Yuzhana». So, control over the size and level of involvement is more intense. It suits us the most, since we have limited financial resources. First you need to find a site with a minimum cost.

The main goal is to gain a competitive advantage. Financial objective - profit, return on assets, financial flow.

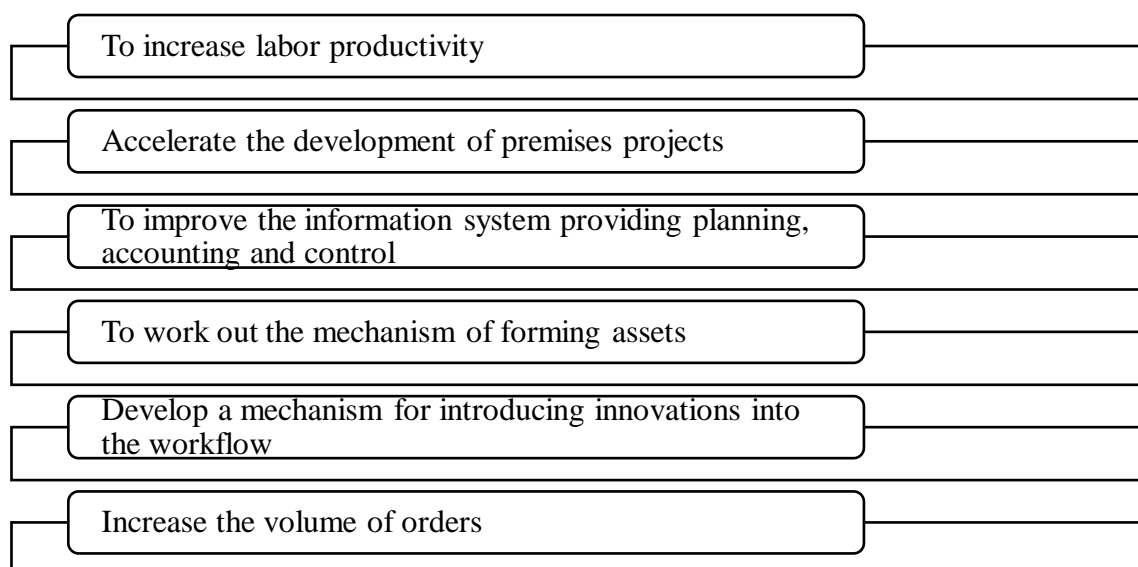


Figure 3.1– Strategic goals of Private Enterprise «Sumy – Yuzhana»

An enterprise cannot influence the external environment, but it needs to be monitored and its strategy adjusted for it. And in order to determine the strengths and weaknesses of the Private Enterprise «Sumy-Yuzhana», it is necessary to analyze the internal environment.

Table 3.2 – Strengths and weak sides of Private Enterprise «Sumy-Yuzhana»

Strengths	Weak sides
The company has a good base for developing projects and providing services.	Insufficiently high level of innovation activity.
High professional level of employees.	The presence of competitors.
Well-established relationships with customers.	Staff shortage of middle management.
The average salary at the enterprise is above the average for the city and region.	
Good reputation of the company.	
Growth in the volume and number of orders in recent years.	
A large number of government orders.	

As you can see, based on the analysis of the internal environment, strengths take precedence over weaknesses. This means that the company is formally ready to go international.

Private Enterprise «Sumy – Yuzhana» can oust competitors due to the high quality of design and a high level of reputation among customers.

Implementation of activities supporting the chosen strategy will represent its implementation in practice.

It can also be noted that Private Enterprise «Sumy - Yuzhana» enjoys the high quality of its services from clients. The staff has employees with a high knowledge of English.

CONCLUSION

The purpose of this study was to study the strategies of companies to enter foreign markets and identify their further use by construction companies.

The question of choosing a strategy for entering the international market is one of the most important decisions made in international management, as it determines its further development.

We show the impact of globalization on the company's performance, consider the factors influencing the choice of strategy to enter the international market, including - behavioral aspects, cultural aspects, the presence of competitive advantage, macroeconomic indicators of countries.

It should be noted that the considered firms in the majority of decisions made on entering the foreign market were similar to the forecasts built on the basis of econometric models. This allows us to conclude that it is not necessary to have detailed information about each company to formulate a single solution. Of course, this statement cannot be true with one hundred percent probability, because a limited number of cases have been considered and this conclusion can be a simple coincidence.

Nevertheless, the important results of this study of the criteria for choosing a strategy for foreign markets are:

- Impact of globalization. Globalization has a positive effect on companies as the market grows. However, small companies and companies in emerging markets are losing out in the competition.
- Existence of experience in conducting foreign economic activity. Companies with significant experience tend to choose the strategy of starting their own business, while organizations without such experience prefer to export or joint venture in the host country.
- Possession of cross-cultural knowledge. Choosing a strategy with greater involvement of resources is directly proportional to knowledge of the culture of the country in which the company enters. When entering the market with another

culture, a smooth adaptation is needed for the successful implementation of the strategy. Finally, people tend to make behavioral mistakes, and knowledge about them and constant monitoring will help to achieve successful results.

- Possession of competitive advantage. This aspect is basic for the implementation of profitable activities in the framework of free competition. It is important for companies not only to have competencies, but also to be able to protect and preserve them over time.

- Macroeconomic indicators. In a market with high political and investment risks, as well as unfavorable economic conditions, companies tend to choose strategies with minimal investment (franchises, licensing).

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APPENDICE A

SUMMARY

Chernysh D.D. Strategies of international business of construction companies.
- Qualifying master's thesis. Sumy State University, Sumy, 2020

The strategies of construction companies entry into the international market, stages and forms of this exit are investigated in the work. An analysis of the main factors influencing the feasibility of the company's entry into the international market. The main purpose of this study is to develop a set of recommendations for choosing a strategy for a construction company to enter the foreign market.

Key words: construction, international, strategy, financing, market, planning.

АНОТАЦІЯ

Черниш Д. Д. Стратегії міжнародного бізнесу будівельних компаній. – Кваліфікаційна магістерська робота. Сумський державний університет, Суми, 2020 р.

У роботі досліджено стратегії виходу будівельних компаній на міжнародний ринок, етапи та форми цього виходу. Проведений аналіз основних факторів, які впливають на доцільність виходу компанії на міжнародний ринок. Основною метою цього дослідження є розробка набору рекомендацій щодо вибору стратегії виходу будівельної компанії на зовнішній ринок.

Ключові слова: будівництво, міжнародний, стратегія, фінансування, ринок, планування.

APPENDICE B

Реферування іноземних літературних джерел мовою оригіналу
магістерської роботи на тему: « Стратегії міжнародного бізнесу будівельних
компаній »

(Strategies of international business of construction companies)

1. (38) Hill C. International business: Competing in the global market place
//Strategic Direction.

Availability of activities. In the past, when companies became international, they usually relied on local sources to raise money for activities abroad. However, the emergence of global funding has largely put an end to this practice. It is now generally accepted that transferring money from one country to another or borrowing money in the international foreign exchange market is often a less expensive way than relying on local sources. The globally differentiated value of money allows construction companies to reduce the cost of obtaining capital and reduce the use of domestic debt (for example, when a subsidiary borrows money from the parent company, you can use the funds more flexibly). However, there is a need for each subsidiary to adapt to local financial practices and financial institutions. The main difficulties are related to the merger of local subsidiaries into a common consolidated balance sheet. There are also problems with money transfers. Both can lead to additional costs.

Volatility of exchange rates. This is a problem. However, many multinational companies buy currency options that guarantee convertibility at a certain price. Other companies have developed countertrade strategies in which they receive goods in exchange for currency or receive goods instead of currency and sell them, receiving money elsewhere.

Revaluation of currencies. This is really a headache for an international construction company. They are prone to it due to the large volume of exchange transactions on stock exchanges, as well as due to the fact that their net assets in

different currency areas are affected in various ways. As a result, many companies are introducing foreign exchange insurance practices that are designed to minimize the impact of exchange rate fluctuations.

The problem of taxation. This is a problem that will have to face in any process of financial planning, which is carried out with international goals. Companies can try to reduce tax payments whenever possible; they can try to secure their income from taxation, can enter into double taxation agreements, etc. However, there is still a significant degree of uncertainty due to the influence of many factors.

2. (58) Porter M. E. et al. How information gives you competitive advantage.

1. High demand for the products of a construction company in Ukraine does not mean that such will be the demand for it in other countries. The primary task is to "explore the situation", to study foreign markets. Before investing time and money in conquering "new territories", you need to know for sure that there is your consumer, he needs your products and is ready to buy it.

Experts in international economics advise construction company executives to visit these countries in person and get an idea of whether their business will operate there. This will not only conduct quality marketing research, but also get acquainted with the culture, traditions, social principles of your potential buyers.

3. (54) Peltonen T. A. et al. Imports and profitability in the euro area manufacturing sector: the role of emerging market economies.

Analytical and predictive methods:

- Linear programming is a mathematical analysis used in choosing the best option for the ratio of planned profit to cost.

- Economic and mathematical models - allow taking into account the indicators of internal and external environment to analyze the level of development of a particular section of the foreign market, identify the level of competitiveness of products and their producers, to form marketing policies and tactics to promote goods on the market its content.

- Economic and statistical techniques - used to rank and sample patterns, correlations and determine market saturation.
- Theory of queuing - effective for determining the order of customer service, to determine the timing of deliveries, allows you to analyze the pattern of simultaneous receipt of mass bids for goods, to determine the choice of organization and the correct order of bids for goods abroad.
- Probability theory - based on making the most profitable decisions of all possible actions and determines the probability of events, their significance in foreign markets.
- Theory of communication - helps to improve the relationship of the subject with a particular foreign market, improves the efficiency of information, allows timely receipt of event information about current processes, as well as allows you to manage all mechanisms of production and marketing, as well as inventories .
- Network planning - promotes the consistent implementation of interconnected actions, operations and works within a specific project. It also helps to determine the main stages of work, timing, responsibility of contractors, costs and the probability of deviation from the planned plan for the selection of foreign markets.
- Business games - help to model and reproduce actions and tasks of concrete and abstract subjects of the foreign market which aspire to find the optimum commercial decision.

4. (33) Erramilli M. K., Rao C. P. Choice of foreign market entry modes by service firms: role of market knowledge //MIR: Management International Review.

Franchise agreement

A franchise agreement can take many forms, but is basically a business agreement under which one party allows the other to operate using its trademark, logo, products, and methods of conducting transactions in exchange for remuneration. If the licensing is related to the production component of the activity, then the franchise agreement is related to sales.

A franchise agreement usually requires the payment of a fee in advance and then interest on the profits. In return, the privilege provider will provide the necessary assistance and in some cases may require the purchase of goods or supplies to maintain the level of quality.

The franchise agreement will provide a number of benefits, including:

- provides the franchise with an inflow of income, and received it - a product (service) and marketing complex;
- allows the company to grow rapidly in several places without significant capital investment, which could be needed if the company grew in a different way;
- is an appropriate strategy for involving small firms in it, and the risk is much less than in an independent case.

There are several risk factors associated with a franchise agreement. These include quality control problems, poor performance of our own retail network and competing with each other franchised retailers.